

DEPARTMENT OF JUSTICE

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DAVID WAYNE BOONE SENTENCED TO 3+ YEARS IN FEDERAL PRISON Former Jaco Construction Owner & Colleague of Andrew Reyes Taken into Federal Custody CHARLOTTE, NC - United States Attorney Gretchen C.F. Shappert for the Western District of North Carolina announced that David Wayne Boone, formerly the co-owner and full owner of Jaco Construction Services, Inc. (Jaco), the owner of Boone Farms of the Carolinas, a principal of David's Entertainment, Inc., and a principal of Scotland Childcare, Inc., was sentenced today on four federal criminal counts alleging conspiracy and tax fraud violations. United States District Judge Frank D. Whitney sentenced Boone to a term of 41 months' imprisonment to be followed by a three-year term of supervised release. In addition, Boone was ordered to pay \$983,549.00 in taxes plus any interest and penalties. Boone had earlier entered a guilty plea to the charges in May 2006. David Wayne Boone was ordered by Judge Whitney to be taken into custody by United States Marshals at the conclusion of the hearing today. Defendant Boone requested to self report to federal prison, but this was declined by Judge Whitney, who stated in response to the Defendant, "Your word has failed many times in the past." Judge Whitney advised the defendant in open court, "Today is the day you have to start paying your debt to society."

In May 2006 David Wayne Boone stipulated and agreed that at least between 1996 and 2004 he conspired with James Myers, Andrew Reyes, and Joel Wilson to impair, impede, and hamper the IRS in the ascertainment, computation, assessments, and collection of income taxes in connection with Count One of a federal bill of indictment alleging tax conspiracy. According to the pleadings filed in this case, the defendant took constructive dividends from a corporation he owned, conspired to impair and impede the IRS in assessing the tax due on such constructive dividends, and willfully failed to declare such dividends on his U.S. Individual tax returns. Defendant took constructive dividends from his company—Jaco Constructive Services Incorporated ("Jaco")—in two main ways. First, defendant used corporate profits to buy and remodel two successive personal residences for his family. Defendant put such personal residences in Jaco's name and labeled expenditures on such residences as company "job costs." Second, defendant transferred large amounts from Jaco to other, unrelated, companies that he owned,

falsely calling such transfers “loans.” Throughout, defendant and his co-conspirators took numerous steps to impair the IRS’s ability to determine that such monies were constructive dividends.

In addition, Boone stipulated and agreed at the time of the entry of his guilty plea that for the tax years 1998, 1999, and 2000, he willfully signed his personal tax returns even though had reviewed the tax returns for those years and knew that they were materially incorrect. The tax returns did not report his entire taxable income for those years. The admissions were in connection with three additional and separate criminal counts in the same federal bill of indictment. According to official documents filed with the court on May 21, 2006, Boone stipulated to the government’s calculation of the related tax loss, for criminal purposes, in the amount of \$983,549.00. As part of the plea agreement Boone agreed to cooperate with representatives of the Internal Revenue Service, including his agreement to file amended U.S. Individual Tax Returns for the years 1997, 1998, 1999, and 2000.

Today’s sentencing hearing for Boone represents the final disposition in the cases stemming from the government’s investigation which began in 2002 with the arrest of Andrew Reyes, followed by the convictions of James Myers, a principal of United Building Contractors (UBC) and Joel Wilson, a certified public accountant with the firm, Wilson Reyes, LLP. United States Attorney Gretchen Shappert commended the Internal Revenue Service’s Criminal Investigation Division for their thorough and professional investigation into the massive tax fraud associated with UBC and Jaco. “Complex tax schemes, designed to avoid the payment of legitimate taxes undermine the equity and fairness of our entire federal income tax system. Therefore, they cannot and will not be tolerated. Today’s sentence underscores the commitment of the U.S. Attorney’s Office and the Internal Revenue Service to investigate and prosecute tax law violators,” Shappert said.